

Our motivation

# THINKING ABOUT TOMORROW



*Sustainability  
Report 2020*

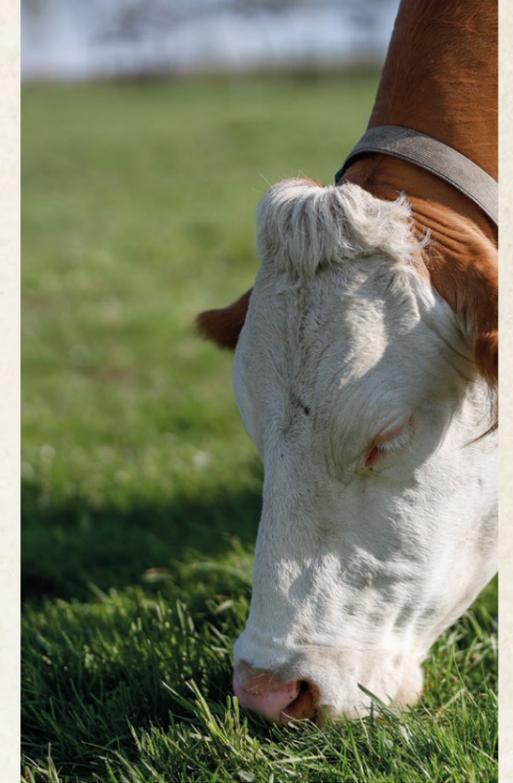
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**DI Josef Braunschöfer**  
Managing Director  
Berglandmilch eGen

### Dear readers!

We are pleased to be able to present to you the current Sustainability Report for 2020. Sustainability is one of the most important topics of our time. And yet, everyone connects something different with this key word. This report gives us the chance to present to you our understanding of “sustainability”.

Our company history goes back over 120 years. For our company – with the legal form of a cooperative in the sole ownership of the milk-providing farmers – topics such as regional economic cycles, sustainable working and resource protection have always been part of our company DNA. Responsibility for owners and society is important to us and as a leading business we know that measures initiated by us obtain industry-wide importance.

Our task, which we fulfil both with humility and with pride, is to produce high-quality, healthy and safe food for millions of consumers around the world. The way we produce our products impacts on society and the environment. With this awareness, we have set numerous measures, about which we report in detail in the following.

We want to take you on a journey through our company. You will find out why our cows do not eat any rainforest and how animal welfare and resource protection can be influenced and promoted significantly by consumer decisions. We report on how our dairy in Wörgl can operate in a way that is positive for the climate, why employees work for Berglandmilch for such a long time, how regional economic cycles can be closed and how new technologies help to make cows fitter and healthier. Also worth mentioning, of course, is why the Berglandmilch farmers give each cow a name and why cows can enjoy summer freshness in Austria’s Alps.

We wish you a lot of fun reading our Sustainability Report 2020. We are convinced that with this report we are able to provide you with a good insight into and overview of our numerous measures, development steps and successes on our way towards being an even more sustainable company.

A handwritten signature in blue ink, appearing to read 'JCB', written in a cursive style.

**Josef Braunschöfer,**  
Managing Director Berglandmilch eGen



# About Berglandmilch

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/ 6 to 15

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- › General information
- › Our understanding of sustainability

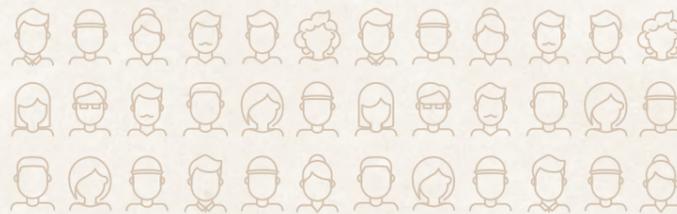


# 46 countries

We sell our items in 46 countries worldwide.

# EUR 974,540,000

In 2020, we generated turnover of EUR 974,540.000.



# 1,581

employees work at Berglandmilch.

# 2,117

different items are produced by us.

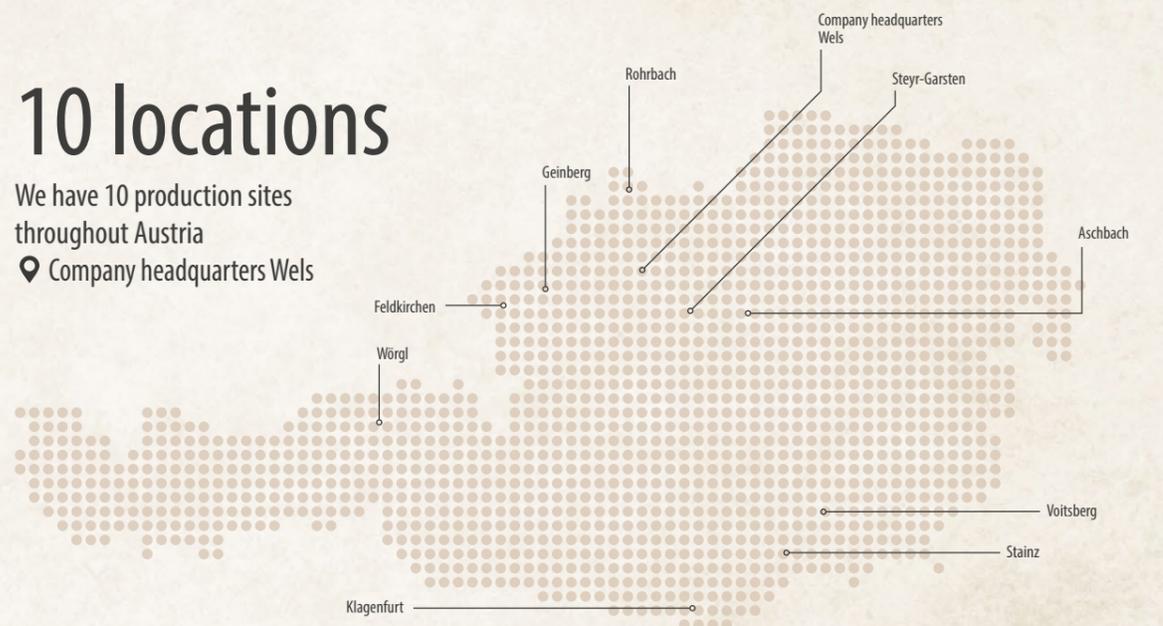


# 1,329,660,000 kilogrammes

of milk is processed by us at our plants.

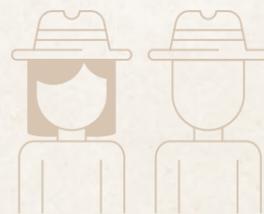
# 10 locations

We have 10 production sites throughout Austria  
📍 Company headquarters Wels



# 9,702

farmers provide the milk and are also owners of the company.





/ Berglandmilch is Austria's largest milk-processing company. It operates under the legal form of a cooperative and is in the sole ownership of approximately 10,000 farmers.



Berglandmilch operates **10 dairy locations** in Austria and produces the entire product portfolio of milk and dairy products, From drinking milk to yoghurt, butter and cheese to basic ice cream masses. More than 2,000 different items in total.



Berglandmilch is one of Europe's largest brand article manufacturers and one of its most successful dairies. It occupies third place in the ranking of the most important Austrian brand companies in the **food industry**.

What has not changed in the last 120 years is the self-concept of refining milk of the farmer owners into high-quality, tasty and innovative milk products and thus making a key contribution to increasing the quality of life of the consumers. Through mergers, the company has developed to its current size over the last 120 years, with the owner structure remaining unchanged throughout all these years. Today, Austria's largest dairy remains in the exclusive ownership of the milk-providing farmers. And for Austria's largest general welfare company, Berglandmilch, the principle of the past is also the maxim of the future: working together, doing business together and the joint participation in the cooperative company Berglandmilch secure the farming livelihoods and the small-structured milk economy in Austria for the future.

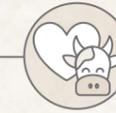
Today, Berglandmilch also has sales branches and partners in Germany, Italy, Spain, Portugal, Greece, North Africa, the Baltic States, China, Korea, Japan, Australia, Canada, the USA and South America.

Sustainability is the key word of our time. However, what exactly can be understood by it depends on the respective subjective understanding. If one looks up "sustainability" in

the dictionary, the word is defined as "effect lasting for an extended time". In this Sustainability Report, we will focus on the following core areas:



Respectful use of our resources



Animal welfare and animal health



Promoting regional economic cycles



Using new technologies and knowledge



**What you like to do, you do well.**

**This is our ATTITUDE.**

We believe in it. We live by it.

And it makes us not just Austria's biggest dairy, but, above all, the daily choice of tens of thousands of customers.

**What you like to do, you do well.**

**This is our STANDARD.**

We create the conditions for enjoying doing tasks we face.

Through motivation and recognition of our employees.

And an understanding of our partners borne by respect.

**What you like to do, you do well.**

**This is our RESPONSIBILITY.**

For our nature and for future generations.

For sustainability combined with economic efficiency.

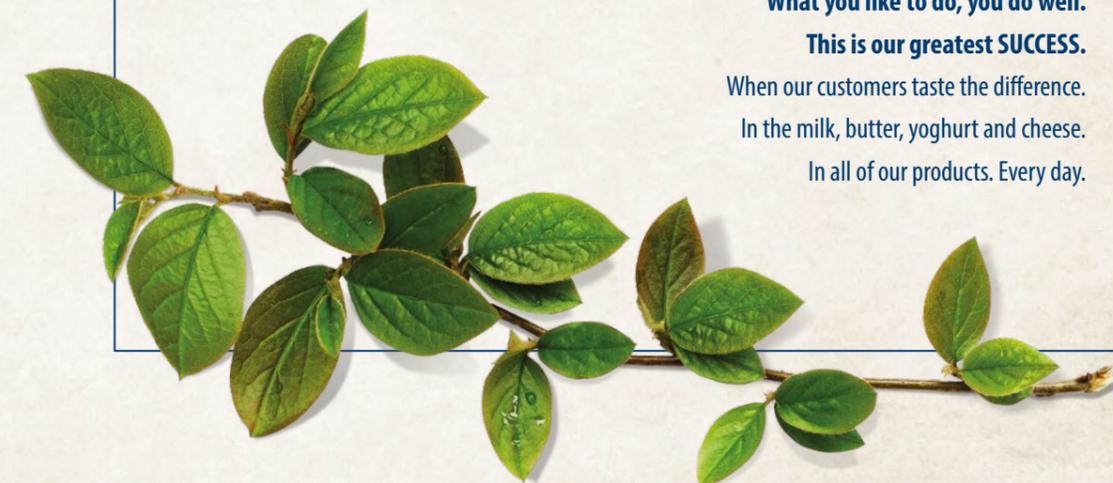
**What you like to do, you do well.**

**This is our greatest SUCCESS.**

When our customers taste the difference.

In the milk, butter, yoghurt and cheese.

In all of our products. Every day.



**Our mission statement**



## OUR OWNERS

Approximately **10,000 dairy farmers** are not just suppliers of the high-quality raw materials, but also the sole owners of the company. They elect their representatives in the regions, who ultimately dispatch 10 people to the Board. This Board manages the business together with a commissioned Management. In addition to the operationally responsible Board there is the “Supervisory Board”, a monitoring body in which farming representatives, financial experts and employer representatives monitor the business activity.

In addition to these bodies, further institutions were created that serve the exchange of information and the strategic development of the company. These include the farming advisory board and the youth advisory board, in which the young owner interests in particular find access into the company. In addition to the organs and bodies, the milk-supplying farmers are informed about the company via the supplier online portal *@Milk*, a dedicated member magazine and regular member events such as autumn and spring meetings. A high level of identification with the company is testified to by numerous farm posters set up at the owners’ farms. The lively participation of farmers in the milk and cheese ambassador training, launched in 2020, also shows the commitment of the owners.



## OUR CONSUMERS

The most important stakeholder group is our consumers. It is they who, by purchasing our milk products, issue us and our farmer owners with production orders. Berglandmilch products are enjoyed by millions of consumers worldwide every day. The production of healthy, high-quality and safe food constitutes a major responsibility that we have the opportunity to fulfil every day **with gratitude, humility and care.**



## OUR BRANDS

Berglandmilch is one of the largest manufacturers of brand items in Austria and is in third place Austria-wide in terms of the awareness of its brands. Consumers mainly know the products of Berglandmilch under the brand names:



As a brand item manufacturer, we know the responsibility associated with a brand: namely, trust in reliable product quality and food safety. This also includes the steady development of products, not just with regard to taste and the establishment of product innovations, but also in the area of product packaging. Plastic reduction milestones were set as new industry standards. Likewise **the introduction of reusable glass systems** in Austria.

## We are recognised

### World Cheese Awards 2019/20

- 🏆 2x Super Gold
- 🏆 1x Gold
- 🏆 2x Silver
- 🏆 6x Bronze

### World Champion Cheese Contest 2020

- 🏆 2x awards

### AMA Käsekaiser

- 🏆 Winner in 3 categories

### DLG awards

- 🏆 46x Gold
- 🏆 26x Silver
- 🏆 1x Bronze

### Numerous other awards in various product tests

Our most important distinction is the high and rising demand of the consumers for our milk and dairy products. And even though the trend towards own trademarks remains unbroken both nationally and

internationally and we also have the opportunity to make an important contribution to this as a manufacturer of high-quality trademarks, we are pleased that the Berglandmilch brands were the growth winners in

the area of milk and dairy products in 2020. No other manufacturer brand grew as strongly in an extremely competitive market environment as our Berglandmilch brands.

## OUR PARTNERS

As one of the most important brand item manufacturers, the entire food trade is our customer. Like the product portfolio, the customer structure is also heavily diversified. To deepen and expand the partnership with our strategic customers, Berglandmilch manufactures products under trademarks in addition to brand items for selected national and international customers. For instance, Berglandmilch is one of Austria's biggest ice cream producers, producing milk shakes and basic ice cream masses for 13 European markets for the best known and world's biggest system catering chain. Here, as at Berglandmilch, the principle is to combine the highest quality

standards with the best taste. To generate awareness of the brand message and cheese culture among the widest possible audience, there is a dedicated Schärddinger cheese academy. Here, the top Berglandmilch cheese sommeliers train thousands of retail and catering specialists every year in order to hold Austrian cheese culture high and to share cheese knowledge and enjoyment with the consumers. A dedicated product range was launched by the Schärddinger cheese sommeliers for premium catering. Under the brand Schärddinger-Affineur, cheese is specially matured (refined) and offered for sale at its highest point of enjoyment.





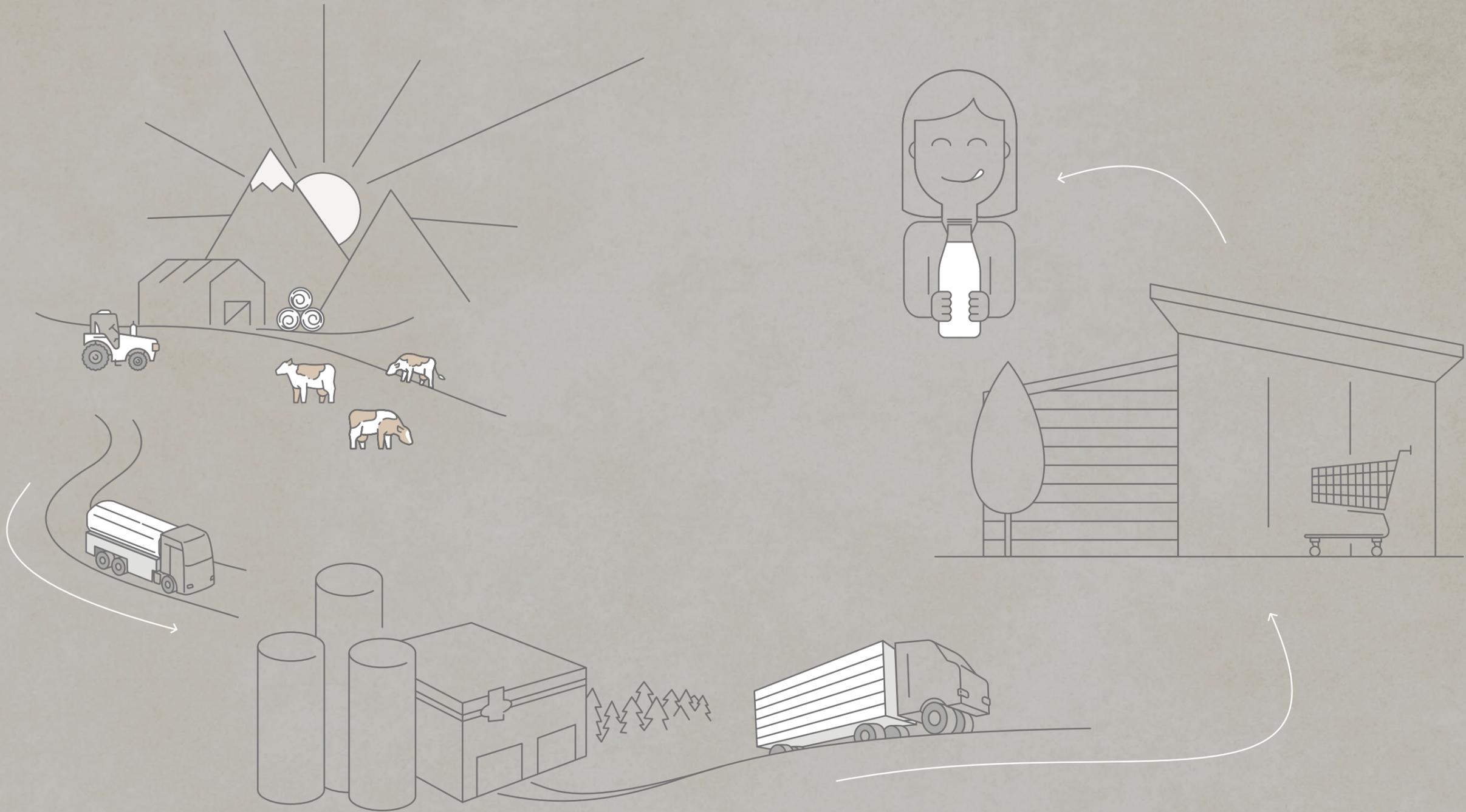
From the farm  
to the  
kitchen table



# Responsible value chain

/ 16 to 37

- › Milk from responsible farms
- › Milk from responsible dairies
- › Responsibility for our products



The journey of the Berglandmilch milk products begins on the farms of approximately **10,000 local farmers**. With their daily work, our owners lay the foundation for the valuable milk product, which is refined in the Berglandmilch dairies. They are at the beginning of our value chain. It includes working with nature, taking into consideration strict requirements and guidelines and associated checks

as well as love for the animals and milk as a product. The Berglandmilch farmers are pioneers in matters of sustainability, proximity to nature and animal welfare and set high standards. High standards also apply to the transportation of the fresh milk to the dairy. Dedicated **milk tankers** carry out initial quality checks and bring the milk to the nearest dairy on

optimised **routes**. Once the milk has arrived there, the next checks take place, which accompany the entire production process right up to the finished end product. Before **delivery**, the milk, curd, yoghurt, fruit whey and cheese are tested microbiologically, chemically and sensorially again until they are finally taken home by our **consumers** from the supermarket shelf. So that consumers opt for a product from

our varied product ranges, packaging is always designed more sustainably, the taste improved and product innovations are continuously launched, following the customer's wish. Approximately 20% of Berglandmilch's turnover is generated with new products. An innovation value that attracts worldwide attention in the traditional milk and dairy industry.



# Milk from responsible farms



## 9,702

milk farmers look after the welfare of their animals every day

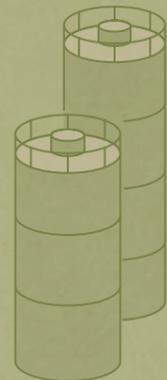
## 525,533

controlled raw milk samples/year



## 17

quality programmes – that is how many different milk varieties we collect



## 21 cows

are in the stable of our Berglandmilch farms, on average. In the family-run farms, particularly high importance is placed on animal welfare.



## 799



quality consultations on the farms on site

## 9,925

quality consultations over the telephone



/ Good milk products come only from cows that feel good and are bred in a manner appropriate to their species

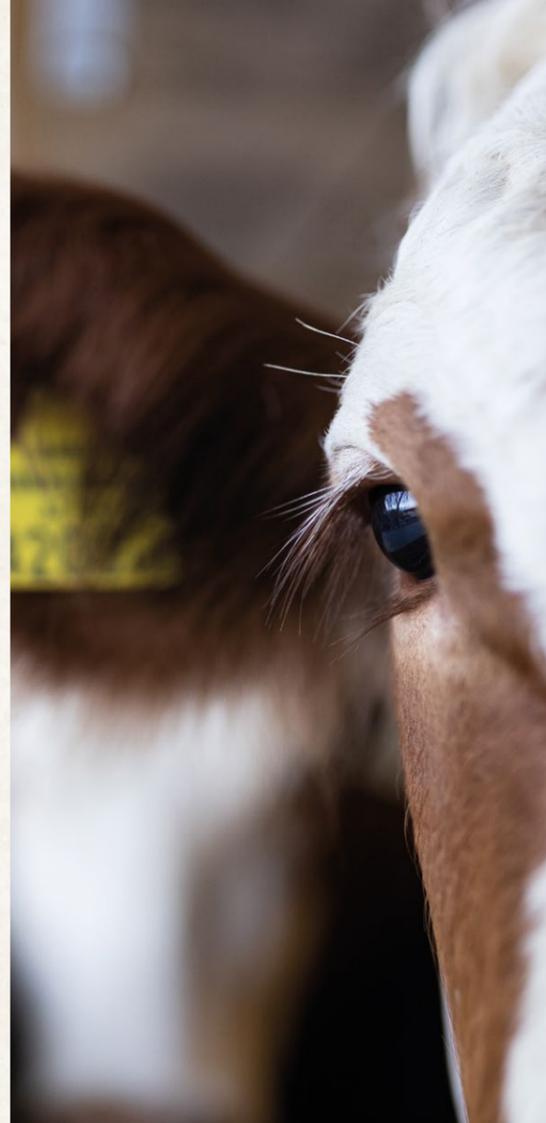


We are convinced that there can be good milk products only if the cows feel good and are bred in a manner appropriate to their species. Accordingly, animal welfare, animal health and the species-appropriate breeding of cows are important to us.

With an average of 21 cows per farm, the milk cow farms at Berglandmilch are very small compared to other European farms. The milk delivery amounts to 132,000 litres of milk per farm, which corresponds to an average milk delivery output per cow per year of 6,450 kilogrammes.

While in other European countries outputs of 10,000 kilogrammes and more per milk cow are customary, in Austria the sustainable, roughage feed-based and thus ruminant-appropriate feed leads to lower outputs. Animal health and life performance are raised due to the high grass and herb contents and the low use of concentrated feed in the rations. These small but sustainable outputs are due to the topographic disadvantages in the Alpine area and the corresponding feed basis.





Moreover, due to the membership of the **Austrian animal health service**, our farms are obligated to implement the measures to protect and raise animal health and animal welfare. In the process, additional animal welfare and animal health measures are developed together with vets, who are on site several times a year in consultations.

Antibiotic resistances in humans are increasing worldwide. Nevertheless, in order to treat successfully in human medicine, highly effective antibiotics are used. Five active agent groups with particularly high effectiveness have been defined by the World Health Organization (so-called "reserve antibiotics"). The aim is to preserve the high effectiveness of these preparations through careful handling and to avoid resistances. In a guideline, Berglandmilch has officially defined a careful use of these active agents in animal medicine. This guideline promotes responsible use of antibiotics in animal treatment. The focus is on promoting the health and fitness of the cows in order to impede diseases fundamentally.

The **legal requirements regarding animal welfare and animal health** are considerably more strict in Austria than in other European countries. Tethered housing (without corresponding alpine farming, pasture or other opportunities to exercise freedom of movement appropriate to the species) is legally prohibited. The new animal protection act stipulates that the dehorning of animals is permitted only under the use of sedation, local anaesthetics and postoperatively effective painkillers. The shortening of the tip

of the tail of male calves, which is practised in some parts of Europe, is prohibited in Austria. The size of stable and run areas is legally regulated and is above the corresponding comparative values in other countries. Among other things, the Austrian programme for environmentally friendly agriculture provides for fertiliser stock and livestock upper limits per hectare of agricultural land (in addition to farm fertiliser accumulation limits also limit values for commercial fertiliser, especially nitrogen- and phosphate-containing fertiliser).

Compliance with all the legal specifications is a fundamental condition for an upstanding supply agreement of the milk farmers with Berglandmilch. Berglandmilch awards engagement that goes beyond these legal minimum specifications with an animal welfare bonus that allows the farmers to generate up to 1 cent/kg milk more. This three-stage animal welfare bonus takes into account above all the husbandry forms on the farms and the outdoor run, implemented either in the form of alpine farming, an exercise area or with a pasture, respectively.

The fact that over 90% of the suppliers gain this animal welfare bonus in one of the three stages highlights the generally high animal welfare standards on the farms of the Berglandmilch farmers.



Additionally, all Berglandmilch farms participate in the compulsory **"Controlled Animal Health"** programme. Animal welfare indicators are reviewed together with independent monitoring bodies and, in the event of infringements, corrective measures are introduced together with farm consultants (Berglandmilch service institution for all milk farmers).



Additionally, all Berglandmilch farms fulfil the **AMA quality seal standard** on "cow husbandry", which, for example, sets standards regarding hygiene requirements and veterinary drug use.





# Feed

The local fields and pastures form the feed basis for our cows. It is only ruminants like our cows that can metabolise grass into such a valuable product as milk. The feed comes

from areas cultivated by our farmers themselves. They thus preserve the well-maintained cultural landscape that is of huge importance in Austria for tourism in particular.



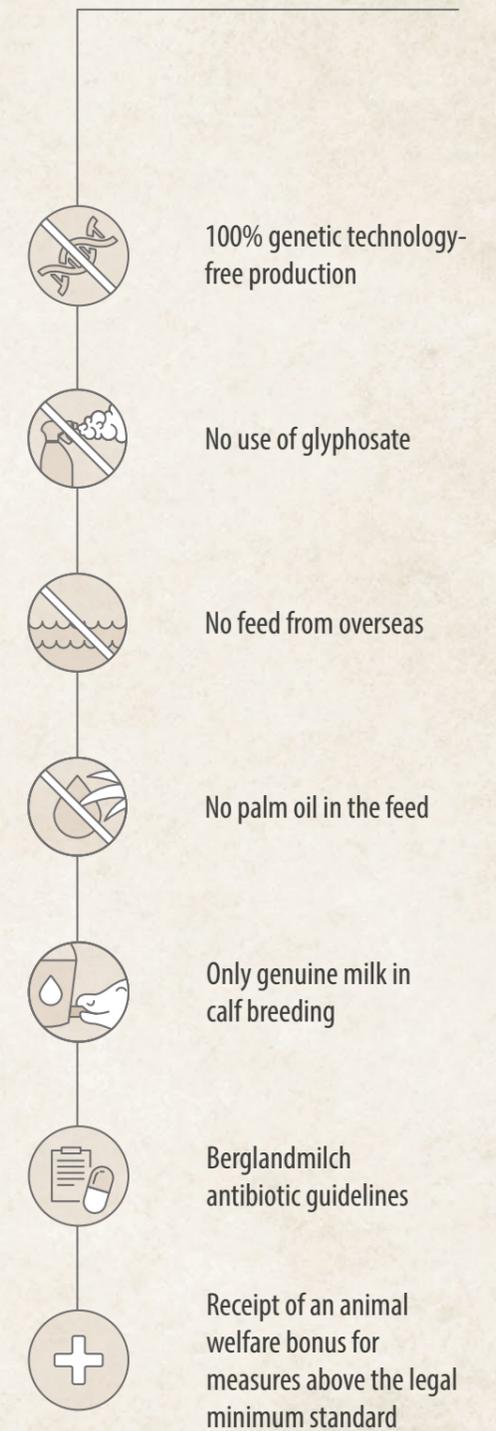
As pioneers in the close-to-nature agriculture, the Berglandmilch farmers have set standards in animal nutrition, which have since been assumed by many competitors. These include, for example, the 100% genetic technology-free feed, established over 10 years ago by our farmers, initially in Tyrol. Gradually, this self-obligation was extended to close-to-nature feed: Berglandmilch cows do not eat rainforest. Because the use of feed from overseas is not permitted. Palm oil in feed was also prohibited. Palm oil was used mainly in calf feed in so-called "milk substitutes". This is a milk powder in which milk fat was replaced with vegetable fat. Since 2016, this powder has no longer been allowed to contain palm oil if it was used by Berglandmilch farmers.

/ Our cows receive the best feed



Additionally, in December 2018, the Berglandmilch milk farmers committed themselves to avoiding the use of the controversial pesticide glyphosate. The ban relates particularly to all feed areas of our milk-supplying farmers. The recently taken step relates to the topic of "milk substitutes". Since natural and genuine milk is the best for the calves, from April 2021 all Berglandmilch farmers will forego the use of milk substitutes and feed their calves with whole milk. This is another component with which the local family farming businesses distinguish themselves from industrialised agriculture in other regions with their sustainable, close-to-nature production manner.

## Overview of the Berglandmilch quality standards





## Milk quality begins on the farm

Naturally, as owners, the farmers have a special position of importance at Berglandmilch. As a cooperative firm they not only provide the raw product of milk for the actual business activity of the dairies, but they are also our sole owners. The cooperation is also accordingly close. And not without reason is the farming cooperative Berglandmilch seen by many as one of the largest general welfare companies in the country.

Berglandmilch supports the farmers through the targeted consulting by farm consultants, who are in close contact with the in total 9,702 milk farmers. In 2020, a total of around 800 farm visits and additionally over 9,900 consultations by telephone took place as part of this quality consulting. Although the farm visits have decreased overall due to the coronavirus pandemic

and the associated restrictions, a dense information network ensures regular dialogue between the farmers and the company. This includes the supplier platform *eMilk*, regular information events, a dedicated supplier magazine as well as special announcements and a text message information service.

The farm consultations help when it comes to planning and securing the raw milk supply in the collection area, as well as milk variety management.

The farm consultation also includes the collection tour planning and its ongoing optimisation. The consulting focuses on the continuous improvement of the raw milk quality, as well as the coordination of the quality laboratories and the monitoring bodies. Customer audits on the farms of our farmers are also coordinated by means of the raw materials management.



## SPECIAL MILK PROGRAMMES

Berglandmilch's task is to refine and market the milk of its owners in order to bring value creation to their farms. Due to the topographic differences in Austria, the farmers have to deal with various starting situations. For this reason, many milk varieties are distinguished. Thus, the milk is marketed in special programmes, according to operational possibility. The challenge here is the separate collection and refinement of these milk varieties. The Berglandmilch quality criteria apply to all milk varieties. This milk outside of any special programmes is called Berglandmilch premium milk. We implement our own special organic programmes for our retail partners, including "Zurück-zum-Ursprung" (Back to the Origin), "Ja!Natürlich" (Yes!Naturally) and "Spar Natur Pur" (Save Nature Pure). We also implement, together with our farmers, grassfed milk, for which, in addition to pasture feeding, the feed involves exclusively fresh or dried grass, as well as alpine pasture milk, milk from alpine pasture feeding, which is available in summer when the cows are on the alpine pasture. There are no fewer than 17 different milk varieties to be collected separately and refined.



## PARTNERSHIPS

As Austria's largest dairy and the processor of 40% of the entire Austrian milk production, we maintain close partnerships with numerous external organisations. These include ministries and consumer protection organisations, chambers of agriculture, numerous monitoring bodies, universities (University of Natural Resources and Life Sciences, Vienna, University of Veterinary Medicine, Vienna, . . .), quality laboratories, the Austrian animal

health service, Agrarmarkt Austria and many more.

As an example of a successful partnership, we would like to mention our participation in the D4Dairy project. Here, the animal health service, the University of Veterinary Medicine, Vienna, ZuchtData, the state monitoring association, the University of Natural Resources and Life Sciences and Berglandmilch work together to develop a joint quality assurance strategy for animal health.

In the process, an integrated dataset with data from various sources – from dairies, performance records of the farms, laboratory data, vet diagnoses as well as from external bodies – is analysed. This quality assurance concept is currently being validated at selected farms. In the future, strategies for animal health management on the farms will thus be made available to the farmers in a software solution.

# Milk from responsible dairies

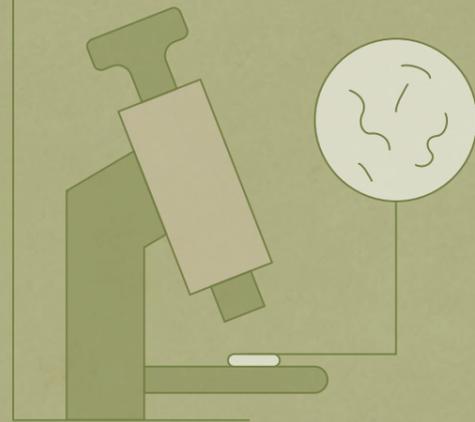
215  
audit days per year



8,500  
chemical/physical  
analyses per week

25,000  
microbiological analyses  
per week

Analysis laboratories  
at each plant

## WE TEST QUALITY ALONG THE ENTIRE VALUE CHAIN

Once the milk from the farms has arrived at one of our dairies, our employees ensure that quality assurance accompanies the entire further refinement up to the finished product. More than 50 employees in quality management and in the analysis laboratories ensure that only flawless, high-quality and safe food leaves our dairies.

As a leading brand item manufacturer, quality and food safety for all products are our top priority. Following our aim to have the most diversified product portfolio possible, we fulfil strict specifications for premium and special product segments. With our customers in focus, we ensure the implementation of special wishes. Thus, our products can also be enjoyed in kosher or halal quality, in organic or grassfed milk quality, as a guaranteed traditional speciality or as a protected original delicacy. As varied as the wishes of our customers are, so varied is our range and are the necessary certifications. On more than 215 days in the year, we open our production sites for unannounced, external audits. We thus ensure the highest standards of quality for our customers day by day.

However, it is not just external monitoring that secures our product quality. In the event of deviations, internal stage checks after each production step allow fast containment and correction of the cause. Together with the University of Veterinary Medicine and the renowned Christian Doppler Institute, we are the first and only milk-processing company to have introduced listeria monitoring with an early-warning system. Unlike in otherwise usual external analyses with a long reaction time, rapid tests are carried out in our own PCR laboratories that include, in addition to product analyses, also environmental analyses and enable results within 24 hours.

For short channels, fast reaction and reliable results, tests are performed at Berglandmilch at all locations in our own internal laboratories. The impressive figures of 8,500 chemical/physical analyses as well as 25,000 microbiological analyses per week confirm the immense sample density. All the results are documented and reference samples are preserved of all finished products. In this way, any systematic errors can be traced specifically and quickly. At Berglandmilch, it is not just the finished and half-finished products that are analysed in the individual production steps; the environmental parameters, such as the cleaning water from the systems, are also subjected to exact checks.



/ We monitor and are monitored



Selection of some well-known quality programmes

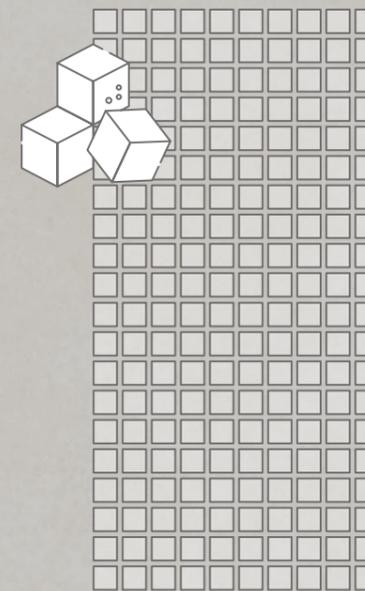
A key component of the quality management and quality assurance is not just the internal analyses but also the commissioning of external testing. Accordingly, using a defined sampling plan, our products are also analysed in accredited external laboratories with a view to chemical, physical, microbiological and sensorial parameters. In addition to this, unannounced product submissions and checks are also carried out by our customers and partners. As part of all these analyses, not only are production processes, allergen management, separation of milk varieties such as organic milk, premium milk and grassfed milk monitored, but also standards of corporate social responsibility such as environmental management, the wellbeing of our employees and crisis plans.

# Responsibility for our products

200 tonnes of sugar were saved in 2020

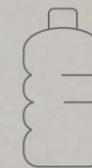


Switch to microbial rennet in semi-hard cheese production



160 million

litres of organic milk become approximately 200 organic items



410 tonnes

of saved plastic



15

is the number of times a reusable glass bottle can be refilled



## HEALTHY PRODUCTS FOR ALL

Milk is, in itself, a valuable and healthy food. For this reason, we see ourselves as having the responsibility to produce healthy and natural products for our consumers. We contribute to people's wellbeing, provide for moments of enjoyment as well as for a balanced and healthy diet.

For this reason, for years we have been successively reducing the sugar content in our products. What is important to us here is that sugar be enjoyed in moderation. We use less of it, and if we do use it we use sustainable, natural, Austrian beet sugar and do not want to replace it with artificial sweeteners or similar ingredients. The natural and less sweet taste is at the heart of our reduction efforts, which will also

be continued in the coming years. The strategy is taking effect: In 2020, more than **200 tonnes of sugar were** saved. That is 100 tonnes more than was saved in 2019.

Did you know that when considering the sugar content of milk products the naturally contained milk sugar must be taken into account? Although this corresponds to only around 39% of the sweetness of traditional household sugar, the lactose must also be shown in the sugar content in the nutritional value table. The lactose content usually amounts to approximately 4.5% of the total sugar content of a finished product such as fruit yoghurt. This is also the reason why the sugar contents of milk products often seem high, even though, in fact, hardly any additional sugar is added. The natural milk sugar and, for instance, the fruit sugar in a fruit yoghurt contribute significantly to the total sugar content of a product.



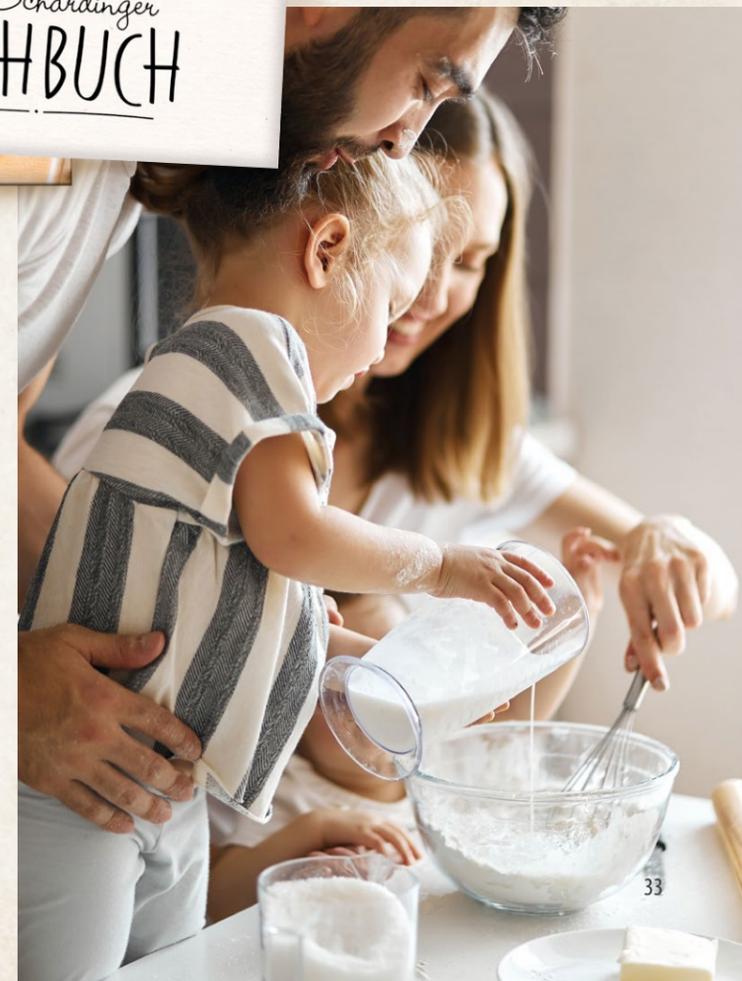
At Berglandmilch, it is important to us to be there for all our consumers; therefore, we would like to enable them to enjoy a wide variety of products, regardless of their nutritional habits. Milk and dairy products are vegetarian. Exceptions can occur only in the case of cheese, due to the use of an animal rennet. However, by this time, nearly our entire cheese range has been converted to production with a microbial rennet. Thus, vegetarians can also enjoy our cheese specialities. The successive roll-out of the independent V-label "Vegetarian" also allows the consumers to see this directly on the product.



Additionally, the participation of our farmers in the various special milk programmes results in a particularly large product variety of Berglandmilch items in the organic segment. We are Austria's biggest organic milk processor and refine approximately 160 million litres of organic milk into more than 200 tasty and natural organic specialities every year.



Milk is a basic food; at the same time, it stands for enjoyment. Therefore, we also see it as our responsibility to promote cooking with fresh, healthy food. As inspiration for our consumers, we have therefore published cookbooks and regularly publish **recipe tips** on our packaging as well as on our social media channels.

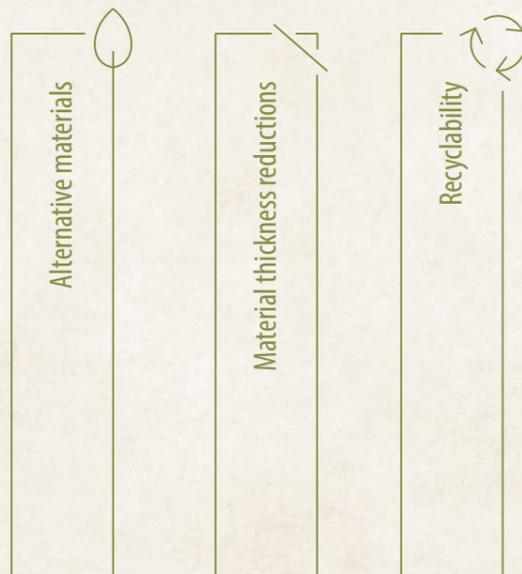




## Environmentally friendly and well packaged

A large number of the measures implemented at Berglandmilch as part of environmental protection and sustainability happen behind the scenes in our plants. This engagement becomes most visible for our consumers by means of our product packaging. Our optimisation efforts stand on three key pillars:

Plastic has in fact established itself as a packaging material in the food segment due to its numerous protective properties. Therefore, before any decision made in favour of these three pillars in the area of packaging optimisation, a test is performed as to whether food safety and product quality can be ensured.



## PLASTIC AVOIDANCE THROUGH THE USE OF ALTERNATIVE MATERIALS

We set a milestone in the packaging of milk in 2020 with the reintroduction of milk in the returnable bottle.



Since April 2018, we have bottled milk in glass bottles. Glass is a so-called inert packaging material, meaning that no interaction takes place between the packaging and the product. From numerous pieces of feedback, we know that our consumers value the resulting original, natural taste. However, in March 2020, we went a step further with our conversion to a returnable system. Glass as a packaging material, in a closed returnable system, is probably one of the most resource-friendly ways of packaging. So that the eco-balance of the returnable glass bottle does not fall with the rising transportation distance, we bottle the milk into glass bottles at two of our locations. Thus, we can ensure that the transport distances in Austria do not exceed 200 km. A limit value under which the returnable glass bottle can succeed as the demonstrably most sustainable drinking milk packaging. The cleaning takes place state-of-the-art. For instance, we need only 120 ml water to clean a glass bottle and thanks to a nanomillimetre-fine ceramic sieve the cleaning lye also only needs to be topped up instead of constantly replaced.

The Berglandmilch returnable glass bottle manages at least 15 cycles and thus replaces 15 disposable bottles. We are particularly pleased about the high return rate of well over 90%, which shows the high affinity of our consumers for sustainability.

Our answer to the flood of plastic is: **returnable glass!** The introduction of the milk in the returnable glass bottle was accompanied communicatively by Greenpeace. Greenpeace is also committed to the expansion of the returnable range in Austria. By the end of 2020, Berglandmilch had also introduced a half-litre returnable glass bottle and intensive work is already being done on converting our 450g yoghurt glass to returnable.

” After 20 years, Berglandmilch, together with Greenpeace, is today bringing back milk in the returnable bottle and is thus taking a strong stand for the environment. With returnable packaging, we are reducing the mountains of rubbish, preventing waste in nature and ending the throwaway mentality.

Lisa Panhuber, Greenpeace consumption expert in Austria





# Less is more



Wherever product reliability allows it, we do without plastic and use other materials. In this way, we converted from plastic cups to **paper cups** for cheese slice items. The thin plastic layer necessary for product protection can be separated and recycled very easily. By means of this measure, approximately 8 tonnes of plastic are saved each year in connection with our cheese slices. Since 2020, the plastic straws have also been converted to paper straws for all products in the 0.2l composite cardboard packaging. At Berglandmilch, this means a saving of 3 tonnes of plastic per year. The paper used and the cardboard for the products come from responsible, sustainable forestry and are FSC-certified.

In addition to using environmentally friendly materials, it is our aim to save as much packaging material as possible in general. Here, by investing in new materials and technologies, we have successively reduced the material thickness of packaging, without reducing the quality of product protection. A considerable quantity of packaging material has been saved. This affects, for example, bags for packaging our cheese sticks. In the case of our **Schärddinger Bergbaron**, Austria's most popular cheese, this conversion effects a plastic saving of 26 tonnes per year.



Good results were also achieved through the use of so-called **carton sleeve cups**. While a thin plastic cup provides for the necessary product protection, a carton sleeve gives the cup the needed stability outside. Thanks to tear-open perforations, the individual components are easily separable from each other and can thus be recycled again. The saying "less is more" applies absolutely here, with a whole 66 tonnes of plastic thus being saved each year.



Plastic cannot always be avoided or reduced. For this reason, we have set ourselves the objective of successively increasing the recycle proportion in our PET packaging. While in 2018 only 2% of our products contained a recycle proportion in the PET packaging, this percentage increased to 72% in 2019 and rose again to 89% for 2020. Our products such as the Schärddinger Trinkräume as well as our muesli slip lid for the Schärddinger Knuspertraum contain a recycle proportion of considerably more than 50%. Thus, in 2020, we breathed new life into approximately 304 tonnes of old plastic.

# Respectful handling of food

Milk and dairy products are valuable foods. We are proud of our work and our products. It is thus all the more important to us to handle them respectfully and to prevent any waste.

Together with the **Too Good To Go** initiative, we are tackling the topic of food waste. EU-wide, approximately 20% of all food produced is wasted and ends up in the rubbish. Over half of the total food waste in the EU is produced in private households. 10% of food waste in the EU results due to misunderstandings related to the best-before date (BBD). We at Berglandmilch would like to set a clear signal against food waste and are therefore participating in Too Good To Go's "Oft Länger Gut" (Often Good for Longer) campaign. As part of this campaign, we would like to create awareness and clarify that the BBD says nothing about the fitness of the product for human consumption. Rather, it is a date until which we as the manufacturer can guarantee the optimal sensory and microbiological properties of the product. In a large number of cases, the food can be enjoyed even after the BBD.

Through the logo "often usable for longer" on many of our products, we want to inform our consumers about this and encourage them to use their senses to test the fitness of the product for consumption. Additionally, the reduction of food waste actively contributes to climate protection. Of the total emissions of the European food chain, 15–16% is caused by food waste. However, if products are no longer sellable by the manufacturer in retail or are unsellable for other reasons, even before the best before date has been reached, in theory these should be destroyed. To create a remedy here, we maintain close cooperation with the Austrian social markets as well as the Österreich Tafel. Here, these products are used for a good purpose.





# Environment and climate protection at Berglandmilch

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/ 38 to 45

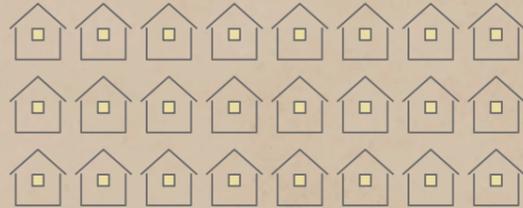
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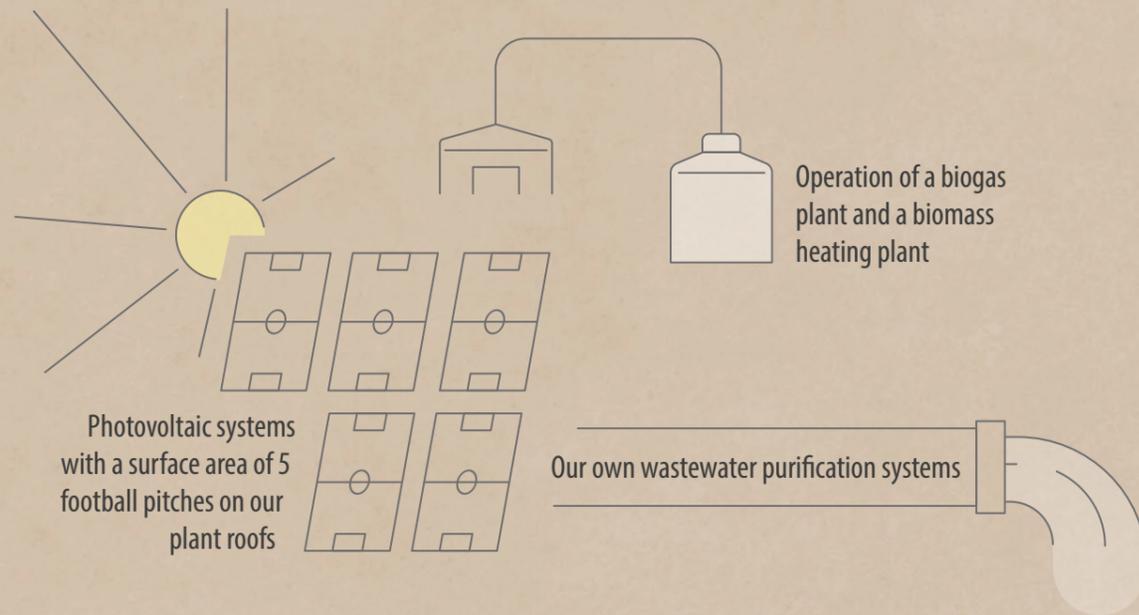
kilogrammes of CO<sub>2</sub> were saved through the use of eco-power

# 100% eco-power



# 1,300

households in Wörgl are supplied by means of a waste heat recovery project



At Berglandmilch, we place great importance on preserving natural resources, protecting the climate and treating the environment as carefully as possible. To keep the use of resources and resulting environmental and climate burdens as low as possible, it is important to monitor the already implemented or planned measures. For this reason, the objectives in

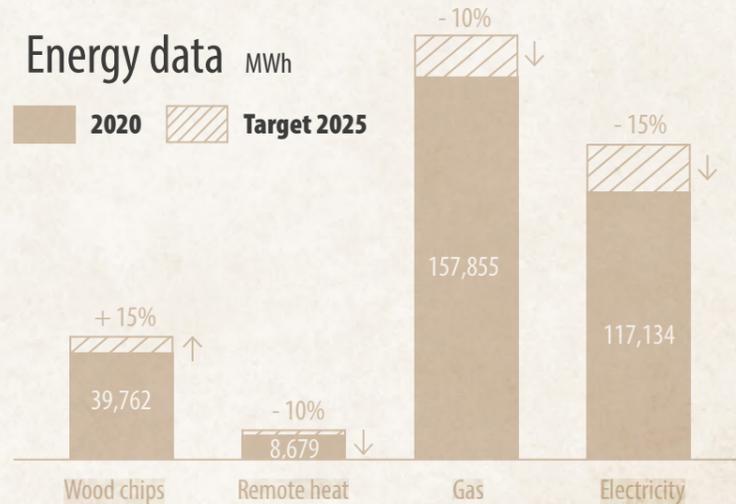
this area of sustainability are closely connected with our controlling. Our own Sustainability Steering Team, consisting of experts from different departments of our company, defines objectives and key figures, optimisation projects in the areas of energy and water consumption, as well as the use of cleaning agents. The optimisation of purchasing with a view to materials and packaging is

also within the area of responsibility of the Sustainability Steering Team. To better monitor the greenhouse gas emissions caused by the use of various resources, we had a carbon footprint balance of the company as a whole created in 2020, on the basis of which we defined objectives for optimisation.

Assignment	Emissions by category	(t CO <sub>2</sub> e)
Scope 1	Heat consumption	32,075.73
	Fuel consumption in the company	383.10
	Gas leaks (coolants)	0.00
	<b>Total</b>	<b>32,458.83</b>
Scope 2	Electricity consumption	0.00
	Remote heat / remote cold	2.44
	<b>Total</b>	<b>2.44</b>
Scope 3	Upstream energy-related emissions	6,694.69
	Business trips and hotel accommodations	2.99
	Employee commutes	2,979.67
	Water / waste incidence at the company	2,493.60
	Paper consumption	5.14
	Hardware	33.01
	<b>Total</b>	<b>12,209.09</b>
<b>Macrototal</b>		<b>44,670.36</b>

The science based targets (SBTs) are reduction targets for relevant greenhouse gas emissions. These target figures are calculated on a scientific basis. The reduction measures are aimed at slowing down global warming. **By 2050, the warming of the earth is to be no more than 1.5 °C above the pre-industrial level.**

Also at Berglandmilch, a greenhouse gas balance sheet was drawn up in 2020, from which a reduction target of -21% for the emissions from scope 1 and scope 3 by 2027 was derived. Currently, scope 2 emissions at Berglandmilch are already virtually 0. Due to the use of alternative energy mediums, no more climate-relevant emissions are caused in this area.



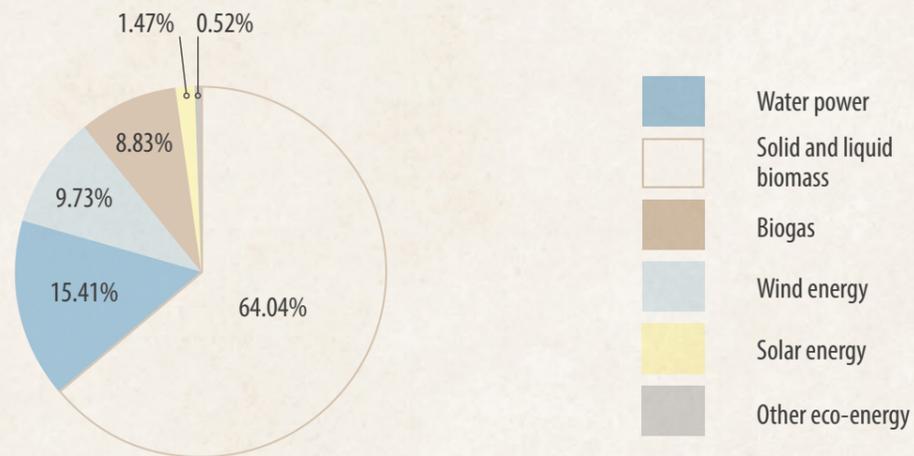
In 2020, numerous measures were taken in the areas of process and plant optimisation that also contribute sustainably to reducing our emissions. The effectiveness of these projects will become clear in the next few years through reduced emission balance sheets. A few measures are described in the following chapters as examples.



# Energy

As a food producer, product quality and food safety have the highest priority for us. To ensure these parameters, energy is required in plant operations. A lot of energy. In the form of vapour and high temperatures. For this very reason, resource-friendly use of energy is important to us. In addition to business aspects, the careful and sparing use of all energy mediums is part of our corporate culture. Accordingly, we work constantly on optimisation measures in the area of the processing plants and media supply.

For years, the use of 100% eco-power has been a matter of course for us. Each year at Berglandmilch, we save over nine million kilogrammes of CO<sub>2</sub> through the use of eco-power.



Additionally, we have installed photovoltaic systems on our plant roofs. The surface area of our photovoltaic systems on the plant roofs now covers 20,000 square metres, which corresponds to approximately 5 football pitches. An expansion of this is planned. For instance, the photovoltaic systems of the Aschbach and Klagenfurt

plants are to be expanded in 2021. Berglandmilch records the annual primary and secondary energy consumptions for milk processing and has set ambitious targets for itself. By 2025, 15% is to be saved in electricity consumption and 10% in gas consumption. At the same time, heat generation through wood chips is

to be expanded by 15%. The use of oil as an energy medium was discontinued. Only an emergency supply with an oil-fired boiler as an alternative to the regular energy medium of natural gas is currently still provided for at a production site.

## NO ENERGY IS TO BE LOST

### Utilising waste heat

To increase energy efficiency, heat recovery systems have been set up in the last few years. These are constantly monitored, improved and expanded. At the Wörgl location, by means of a special heat recovery project, the possibility was created to harness the waste heat from production for surrounding households. Thus, together with the Wörgl municipal utilities, the opportunity was found to supply the equivalent of 1,300 Wörgl households with energy using waste heat from production.

Additionally, the new milk acceptance hall and the building for mozzarella production at the Aschbach location as well as buildings for the plant expansion at the Voitsberg location were constructed in an energy-efficient design and the waste heat is harnessed there. The building climatisation takes place exclusively by means of waste heat. Another example is found at the Voitsberg location, where the process heat recovery takes



Klagenfurt plant

place using a high-temperature heat pump. Previously, the heat at the Voitsberg cheese dairy location was supplied using a gas-fired steam boiler. Thus, now, waste heat can be used for hot water pre-warming and high-temperature heat can be fed into the existing heat network of the heating plant. If one offsets the electricity requirements of the pump against the energy that can be saved, there results a considerable reduction in CO<sub>2</sub> emissions in the amount of around 3,646.19 tonnes per year.

At the Klagenfurt plant, a considerable saving of energy was achieved through the fundamental renovation of the hot water processing. Where the flash steam from the hot water processing was lost via the roof, this can now be reintroduced into the heat system. In this way, 480,000 kWh of energy can be saved every year.





# Water consumption

Berglandmilch handles resources carefully when it comes to water consumption as well. The use of water in production is strictly monitored and continuously optimised. For example, wastewater produced is processed directly in purification systems at the plants.

Ambitious targets have been set in the area of water, with a reduction of water consumption as well as of wastewater production of 15% by 2025. A key part of the strategy to minimise water consumption lies in the distinction between process water and fresh water. Those processes that do not require fresh drinking water are performed with so-called process water in drinking water quality, which can be used multiple times and leads to a reduction in the total water consumption.



Source	Quantity	Emission factor (KG CO <sub>2</sub> e/ unit)	CO <sub>2</sub> e(t)
Freshwater	697,476 cubic metres	0.344	239.93
Wastewater	3,097,107 cubic metres	0.490	1,517.58
<b>Total CO<sub>2</sub>e(t): Wastewater</b>			<b>1,757.51</b>

## TODAY'S MEASURES FOR TOMORROW'S ENERGY EFFICIENCY

One of the pillars on which Berglandmilch's sustainability strategy is based is permanent optimisation. Accordingly, many projects are planned for the next few years that will increase our energy efficiency. A lighthouse project is surely the planned construction of a biogas plant along with raw material processing to

make use of biogenetic residues from the dairy. Wastewater from dairies still contains residual quantities of fat and egg white. For this reason, at Berglandmilch we are planning reclamation of these residues released in the wastewater. By implementing this measure, an annual saving of 6,000 tonnes of CO<sub>2</sub> will be achieved.

## Best practice

## AUSTRIA'S MOST SUSTAINABLE DAIRY

With our Berglandmilch location in Tyrol, namely, the Tyrol Milch dairy in Wörgl, we created our personal best practice example in 2020. This dairy is one of Europe's most modern and most sustainable milk-processing plants. The reason for this is numerous measures that have already been implemented in past years. While the water use is strictly monitored and optimised, wastewater produced is purified directly in the plant's own purification system. In addition to the use of energy from photovoltaic systems already implemented for years, regenerative raw materials are focused on in Wörgl with a biomass heating plant. The wood chips for this plant come from the Tyrolean forests. Hence, our Tyrolean owners not only supply milk for the Tyrol Milch specialities, but the wood for a large part of the dairy's energy and steam supply also comes from their forests. Additionally, milk is bottled here into the sustainable returnable glass bottle. Thus, regional economic cycles are symbolically closed at the Wörgl location.



Since the start of 2021, the location in Wörgl is now also officially climate-positive! Since the emission quantity at Tirol Milch is so low, multiple times the dairy's emissions have been compensated for with the investment in a climate protection project. And that for the next few years. For this reason, Tirol Milch has been recognised as Austria's first climate-positive dairy.

Assignment	Emissions by category	(t CO <sub>2</sub> e)
Scope 1	Heat consumption	731.8
	Fuel consumption in the company	93.2
	Gas leaks (coolants)	0.0
	<b>Total</b>	<b>825.0</b>
Scope 2	Electricity consumption	0.00
	<b>Total</b>	<b>0.0</b>
Scope 3	Upstream energy-related emissions	567.2
	Business trips and hotel accommodations	0.2
	Employee commutes	278.5
	Water / waste incidence at the company	716.8
	Paper consumption	7.4
	Hardware	2.5
	<b>Total</b>	<b>1,572.6</b>
<b>Macrototal</b>		<b>2,397.6</b>



# Working at Berglandmilch

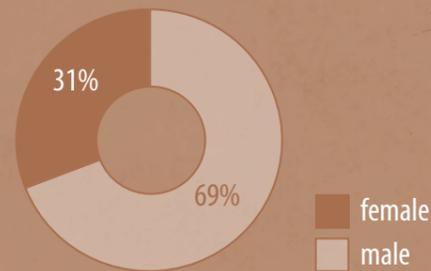
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/ 46 to 53

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# 1,581 employees



# from 26 nations



# 11 years

An average of  
at the company

# 40

Number of apprentices



with a wide online training range and hybrid training (onboarding, compliance, occupational health and safety, IT security, product training, ...)

Our employees, their commitment, their abilities and their performance are the key factor for our success. In order to continue to be an attractive employer, we qualify and motivate our employees, enable comprehensive training

programmes, promote employee health and ensure employee safety. We work respectfully with each other and have inclusive and diverse staff, which is also established in our code of conduct. We are open to new ideas and help each

other to reach or exceed our agreed objectives. We share knowledge and do not begrudge each other success, since we know that we are successful only together.



## / Diversity of the employees is emphasised at Berglandmilch

Berglandmilch is one of the largest employers in the rural regions of Austria and employed 1,581 people from a total of 26 different nations at 10 locations in 2020. 31% of our staff are female. At 10%, the fluctuation rate is considerably below the industry average. We are pleased that employees work at Berglandmilch for an average of more than 11 years. 14 employees have even been loyal to the company for more than 45 years.

As an employer recognised as family-friendly, we offer our employees various flexible working models, such as mobile working, part-time arrangements and parental leave. More than 12% of the positions are defined as part-time positions. Additionally, we are an active partner of the "Unternehmen für Familien" (Companies for Families) network.

Equality of opportunity is very important to us. We demand and promote performance and are considerate of the needs of all employees. Fair dealings with each other, regardless of ethnicity, sexual orientation, gender identity, age, disability status and professional background is important to us.

We strictly reject any discrimination. Instead, we promote a working environment characterised by respect, mutual appreciation and diversity. Despite all our diversity, we are united at Berglandmilch by the desire to produce high-quality, tasty and healthy food.

A works council ensures the representation of the employees' interests at the company. Here, it is important to us that employees have the opportunity to express their views and influence important operational matters at the company. One third of the supervisory board of our company is composed of employee representatives. Together with the farming owner representatives, they perform tasks related to the monitoring and development of the company in this body. Additionally, the works council organises numerous activities to promote the togetherness of the staff at the company. As Berglandmilch, we additionally support the services of the works council with a dedicated social budget.



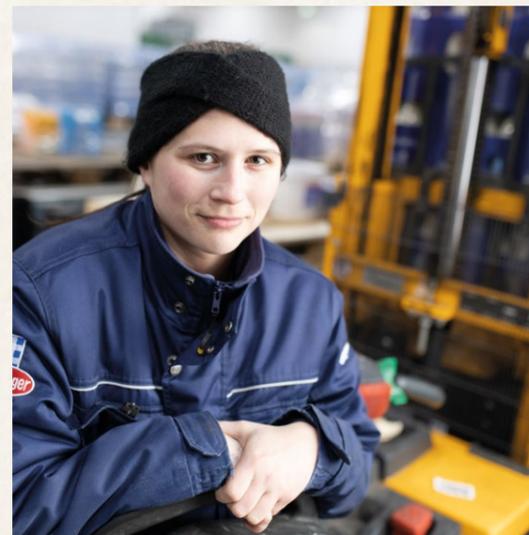
## THE OPPORTUNITIES FOR TRAINING ARE DIVERSE

The success of Berglandmilch is based on highly qualified and motivated employees. Our training programme also makes a key contribution to this.



In the qualification of our employees, we possess a wide range of formats and offers. For all our employees there is an individual training plan, adapted to their personal development, the focus of which is defined in annual, mandatory target achievement and target agreement meetings.

- Milk technologists** < Berglandmilch is one of the biggest training sites for apprentices.
- Mechatronics engineers** < Currently, 40 apprentices are being trained at Berglandmilch in 6 different apprenticeships. Our aim is to increase the number of apprentices being trained by 15% by 2025, based on 2020. In addition to milk technologists, mechatronics engineers and food technicians, we also train IT technicians, electrotechnicians and clerks.
- Food technicians** <
- IT technicians** <
- Electrotechnicians** <
- Clerks** <



In order to be attractive as a training site for young people, we offer various measures and programmes. In addition to the technical training, a training opportunity in the form of personality-shaping seminars and team-building events was created with the Berglandmilch Apprentice Academy. Since 2020, we have offered the "Lehre mit Matura" programme, where we support apprentices in achieving their secondary school

leaving qualification through leave and seminars. To facilitate entry into the apprenticeship, an apprentice welcoming day takes place every year. As a welcome greeting, apprentices at Berglandmilch receive a smartphone and bonus payments in the event of successful performances (such as at the final apprenticeship examination or upon obtaining the secondary school leaving qualification), in addition to numerous giveaways.

Additionally, at Berglandmilch we pursue the objective of training our managers at our own company. As a pilot project, Berglandmilch developed a trainee programme for aspiring young managers, which it launched in 2020. In addition to the classic professional entry, we also offer professional internships and issue research mandates in cooperation with universities and universities of applied sciences. We enable and support dual education, also through leave.



To support the training range, the online learning management system "Berglandmilch Academy" was implemented in 2020. Previous internal in-person training is successively being converted to online participation or hybrid events. In addition to classic regular in-person training such as annual hygiene training and information security training, further topics, such as onboarding, compliance training, occupational

health and safety training and product training are currently being developed and published in the Berglandmilch Academy. The Berglandmilch Academy is well-received by our employees and since the launch of the academy more than 500 people have completed training on the platform. Further training programmes on the topics of sustainability and climate protection are in development.





A fixed component in the calendar at Berglandmilch is the annual **appraisal interviews**. As part of these, the aforementioned target agreements and training registrations take place. In the process, open and appreciative feedback is also given between employees and supervisors. In addition to the binding appraisal interviews, an online employee survey was also prepared in 2020. Here, suggestions, criticism and assessments can be submitted quickly, easily and discreetly online. This is an important tool for the HR department to recognise improvement potential in the departments more quickly and to further improve employee satisfaction and thus also the performance at the company. It will replace the classic feedback letterbox in 2021.

In regular information events for the employees, the management informs about the development and the further strategic alignment of the company. In addition to these events, employees are informed quickly and simply on current topics on the info screens implemented in 2020 at all plants. The intranet was also given a relaunch in 2020 and is being expanded to include an app for employees in 2021.

## WE LOOK AFTER THE SAFETY AND HEALTH OF OUR EMPLOYEES

Occupational safety and health management are an important aspect at Berglandmilch as a food producer. Accordingly, measures and guidelines on these topics can be found in our internal safety guidelines, control systems as well as our health programmes.



At Berglandmilch, safety training and instructions for all employees and managers are provided for on a regular basis. Also with the new e-learning modules, the topic of occupational health and safety is being trained even more intensively. For each location there is a safety specialist and an occupational physician on site, who contribute to achieving a good workplace in terms of safety and health.



In 2020, we were particularly challenged **by the** coronavirus pandemic. To protect our employees, numerous measures were implemented:

- > Contact with third-party personnel was avoided.
- > Additional hygiene sluices and isolation areas were created.
- > The purchase of masks for all employees and at least twice-weekly antigen rapid test options at all plants (which are also officially recognised) were implemented.
- > Shift handovers were no longer carried out in person and group sizes in shift operations were reduced.
- > In the administrative area, home office regulations were implemented and meeting rooms were adapted so as no longer to bring people together in large offices.

In addition to a secure job, Berglandmilch offers attractive models of monetary and non-monetary remuneration. In addition to their fixed salary, the employees receive monthly product vouchers for milk and dairy products to purchase at the company's own dairy markets. Additionally, daily free products and in-house canteens complete the offering. Owing to the special performances of all employees in the course of the challenges in dealing with the coronavirus crisis, a bonus was paid out to all employees for 2020.





# Social engagement at Berglandmilch

/ 54 to 57

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With their decisions and business dealings, companies have a significant impact on social developments. At Berglandmilch, we see ourselves as having the responsibility to handle this impact respectfully and we would like to effect good things, even in small matters.



LICHT INS DUNKEL



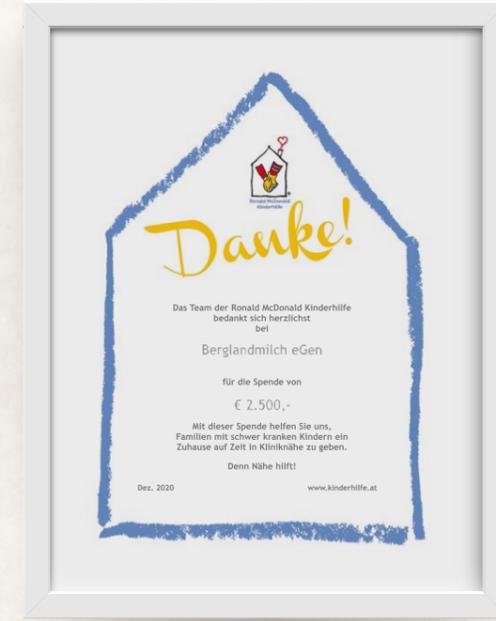
A decision that does not remain without positive effects for the Fairtrade cocoa farmers is the complete conversion of all Berglandmilch cocoa products to Fairtrade-certified goods. With this step, we are conscious of our responsibility as an industry leader and know that this decision will have a signalling effect across the industry.



Donation handover at Licht ins Dunkel

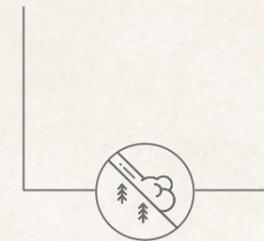
Supporting people in difficult times or exceptional situations is important to us at Berglandmilch. Therefore, we are a regular supporter of the Licht ins Dunkel organisation, contributed a part to the construction of Ronald McDonald children's homes

and are a long-term partner of the SOMA markets and the Österreich Tafel. Additionally, we support families in need with a social budget. A support budget for each location allows regional associations and initiatives to be promoted.



Certificate of appreciation of the Ronald McDonald children's home

## / Extreme weather situations bring people into exceptional situations



Our farming owners are also confronted with the effects of the increasing extreme weather events on their farms.

Accordingly, for Berglandmilch it is a matter of course to continue to pay milk money, even if the milk cannot be collected due to landslide disasters or floods.

Just as was the case in East Tyrol in 2020, when extreme weather situations cut off many villages and entire valleys from the outside world and milk collection was not possible for days.

/ Helping shape the change to a more sustainable lifestyle in society is particularly important to us.

With the introduction of milk in the returnable bottle, for instance. With the efforts of our farmers, who are pioneers in their commitment to close-to-nature milk production and the highest animal welfare standards. Through the explanatory work at schools and with information about recyclability and best before dates on our products.



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## IMPRINT

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Spelling and printing errors reserved.

For better legibility, the male and female form were not consistently used when referring to persons. Of course, all genders are always meant.



**Lattella**  
*frucht & molke*